

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Concert Global Network Services Limited)	ARC-MOD-20020107-00001
WorldCom, Inc.)	ARC-MOD-20020130-00003
)	
Petition for Modification of the)	
Accounting Rates for Switched)	
Voice Service with India)	
)	

ORDER

Adopted: March 8, 2002**Released: March 11, 2002**

By the Deputy Chief, Telecommunications Division, International Bureau:

I. Introduction

1. In this Order we approve the petitions of Concert Global Network Services Limited ("Concert") and WorldCom, Inc. ("WorldCom") to introduce a new, lower accounting rate for international switched voice service with the international carrier in India, Videsh Sanchar Nigam Limited ("VSNL"); however, we limit the period for which the rates are effective.¹ On January 28, 2002 and on February 19, 2002, the International Bureau ("Bureau") of the Federal Communications Commission ("Commission") suspended accounting rate modification requests filed, pursuant to section 64.1001 of the Commission's rules,² by Concert and WorldCom, respectively, in order to prevent a violation of the Commission's benchmarks policy.³ If the rates contained in the modifications were allowed to be effective after December 31, 2001, the modification requests would violate the benchmark settlement rate of 23 cents for U.S.-India traffic that the Commission adopted in its *Benchmarks Order*.⁴

¹ The current international accounting rate system was developed as part of a regulatory tradition in which international telecommunications services were supplied through a bilateral correspondent relationship between national monopoly carriers. An accounting rate is the price a U.S. facilities-based carrier negotiates with a foreign carrier for handling one minute of international telephone service. Each carrier's portion of the accounting rate is referred to as the settlement rate. According to the Commission's International Settlement Policy, the settlement rate is equal to one-half of the negotiated accounting rate.

² 47 C.F.R. § 64.1001.

³ See Letter from George Li, Deputy Chief, Telecommunications Division, International Bureau, to James Talbot, AT&T Corp. (Jan. 28, 2002); Letter from George Li, Deputy Chief, Telecommunications Division, International Bureau, to Scott Schefferman, WorldCom, Inc. (Feb. 19, 2002).

⁴ *Report and Order on Regulation of International Settlement Rates*, 12 FCC Rcd 19806 (1997) (*Benchmarks Order*), *aff'd sub nom.*, *Cable and Wireless P.L.C. v. FCC*, 166 F.3d 1224 (D.C. Cir. 1999), *Report and Order on Reconsideration and Order Lifting Stay*, 14 FCC Rcd 9256 (1999) (*Benchmarks*

II. Background

2. On January 7, 2002, Concert filed a modification seeking to reduce its accounting rate from 85 cents per minute to 68 cents per minute for service with VSNL.⁵ The new rate is scheduled to take effect for traffic on April 1, 2001 and would be in effect until March 31, 2002. WorldCom filed a similar modification request seeking to reduce its accounting rate with VSNL from \$1.08 per minute to 85 cents per minute, effective April 1, 2000, and further to 68 cents per minute for service with VSNL effective for traffic beginning April 1, 2001.⁶ WorldCom's modification request contains no expiration date.

3. The International Bureau suspended both modification requests in order to prevent a violation of the Commission's *Benchmarks Order*.⁷ In the case of Concert's request, the proposed 68 cent accounting rate (34 cent settlement rate) exceeds the 23 cent benchmark settlement rate for India and would be in effect after the applicable benchmark transition deadline of January 1, 2002, for the period of January 1, 2002-March 31, 2002. In the case of WorldCom's request, the proposed 68 cent accounting rate, which also exceeds the benchmark settlement rate for India, has no expiration date and could be in effect indefinitely post the benchmark transition deadline of January 1, 2002.

III. Discussion

4. The goal of the Commission's benchmarks policy is to lower U.S.-international accounting rates closer to the actual cost of providing service. Lower, more cost-based rates are in the U.S. public interest because they encourage lower consumer calling prices, promote economic efficiency, and reduce entry barriers. To further this goal, the Commission adopted the *Benchmarks Order*, which requires U.S. carriers to negotiate settlement rates with foreign carriers at or below benchmark levels that will be used to determine settlement payments for service provided after specific transition deadlines. Briefly, the *Benchmarks Order* requires a settlement rate of 15 cents or less for U.S.-international service with carriers from upper-income countries effective for traffic beginning January 1, 1999; 19 cents or less for service with carriers from upper-middle income and lower middle-income countries effective for traffic beginning January 1, 2000 and January 1, 2001, respectively; and 23 cents or less for service with carriers from low-income countries and those with teledensity less than one, effective for traffic beginning January 1, 2002 and January 1, 2003, respectively. Currently, more than 90 percent of all U.S.-international minutes are being settled at or below the applicable benchmark rates.

Reconsideration Order).

⁵ Concert's Petition for International Settlements Policy Modification for a Change in the Accounting Rate for International Switched Voice Service with India, ARC-MOD 20020107-00001 (filed January 7, 2002).

⁶ WorldCom's Petition for International Settlements Policy Modification for a Change in the Accounting Rate for International Switched Voice Service with India, ARC-MOD 20020130-00003 (filed January 30, 2002).

⁷ See *supra* note 3.

5. For countries like India, which the Commission classifies as a low-income country pursuant to its benchmarks policy, U.S. carriers must negotiate a benchmark settlement rate of no more than 23¢ per minute for service on the U.S.-India route provided on and after January 1, 2002. Thus, beginning January 1, 2002, the *Benchmarks Order* requires U.S. carriers to use a settlement rate that does not exceed 23¢ for settlement payments for service between the United States and India. The modification requests of Concert and WorldCom for U.S.-India service with VSNL contain settlement rates that exceed the applicable 23 cent benchmark settlement rate. Moreover, the proposed settlement rates would remain in effect beyond the January 1, 2002 benchmark deadline for India has passed. While both modifications reduce the settlement rate and move it closer to the benchmark rate for India, the 68 cent accounting rate (34 cent settlement rate) is still significantly higher than the benchmark level.

6. In the *Benchmarks Order*, the Commission stated clearly that it “will ensure compliance with our settlement rate benchmarks.”⁸ The Bureau has previously addressed similar non-compliant modification requests from U.S. carriers.⁹ The Bureau concluded in the *Singapore, Taiwan, and Brunei Order*, as well as the *Morocco Order* and the *Suriname Order*, that rates exceeding the benchmark level would violate the *Benchmarks Order* if the rates are allowed to remain in effect beyond the benchmark rate deadline.¹⁰ Similarly, we find that the Concert and WorldCom modifications for the U.S.-India route will violate the Commission’s policies set forth in the *Benchmarks Order*. In order to prevent a violation of the *Benchmarks Order*, we will approve in part the accounting rate modifications requested by Concert and WorldCom, but limit our approval of the modifications to December 31, 2001 in order to prevent non-compliant rates to be in effect on and after January 1, 2002. Therefore, we approve the accounting rate of 68 cents requested by Concert for its service with VSNL provided from April 1, 2001 through December 31, 2001, but deny its request to use the accounting rate for service provided after December 31, 2001. We also approve the accounting rate of 85 cents requested by WorldCom for service with VSNL provided between April 1, 2000 and March 31, 2001. We also approve the accounting rate of 68 cents requested by WorldCom for its service with VSNL from April 1, 2001, but we will not approve this rate for U.S.-India service provided after December 31, 2001. We direct Concert, WorldCom, and other U.S. carriers to negotiate a benchmark settlement rate of 23 cents or less that will apply to service between the United States and India effective for traffic beginning on January 1, 2002.

IV. Ordering Clauses

9. Accordingly, IT IS ORDERED that Concert’s modification request for an accounting rate of 68 cents per minute with VSNL is approved for U.S.-India traffic effective for the period of April 1,

⁸ *Benchmarks Order*, 12 FCC Rcd at 19894-5, para. 187.

⁹ See AT&T and MCI Petitions for Modification of the Accounting Rates for Switched Voice Service with Singapore, Switched Voice and Switched Digital Service with Taiwan, and Switched Voice Service with Brunei, DA 99-431, 14 FCC Rcd 3524 (1999) (*Singapore, Taiwan, and Brunei Order*). See also Concert Global Network Services Limited Petition for Modification of the Accounting Rates for Switched Voice Service with Morocco, DA 01-2947 (rel. Dec. 20, 2001, Telecommunications Division) (*Morocco Order*); Concert Global Network Services Limited Petition for Modification of the Accounting Rates for Switched Voice Service with Suriname, DA 01-2946 (rel. Dec. 20, 2001, Telecommunications Division) (*Suriname Order*).

¹⁰ See *Singapore, Taiwan, and Brunei Order*, 14 FCC Rcd at 3526, para. 5.

2001 through December 31, 2001.

10. IT IS FURTHER ORDERED that WorldCom's modification request with VSNL is approved for an accounting rate of 85 cents per minute for U.S.-India traffic effective for the period April 1, 2000 through March 31, 2001, and for an accounting rate of 68 cents per minute with VSNL from April 1, 2001 through December 31, 2001.

11. IT IS FURTHER ORDERED that U.S. carriers negotiate settlement rates with VSNL that comply with the *Benchmarks Order*.

12. This Order is issued pursuant to Sections 0.51 and 0.261 of the Commission's Rules, 47 C.F.R. §§ 0.51 and 0.261, and is effective upon release.

FEDERAL COMMUNICATIONS COMMISSION

George Li
Deputy Chief, Telecommunications Division
International Bureau